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Alison Kay
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Dear Mark

Review of Industry Code Governance – Environment and Code Objectives

I am writing to you as CUSC Amendments Panel Chair on behalf of the CUSC Panel. Thank you for the opportunity to respond to the above consultation.

The CUSC Panel responded to the November consultation on the environment and code objectives. As outlined in this response, the CUSC Panel believes that the existing framework is suitable and that new licence provisions are not required. We note that the majority of responses to the November consultation shared this view. The CUSC Panel's preference would be for the guidance issued by Ofgem¹ to be used as the basis for the evaluation of GHG emissions (and associated cost of carbon) and reviewed at regular intervals under the existing framework.

Based on Ofgem's guidance the CUSC Environmental Standing Group, with representation from across the industry codes, developed summary guidelines for the assessment of carbon costs associated with code amendments. The CUSC Panel considers that this approach, using guidance from Ofgem and developed by the relevant Codes, is most appropriate - providing sufficient flexibility and review as required. As the use of these guidelines is now entrenched in the process followed by the CUSC Panel, it is the CUSC Panel's view that the introduction of any additional licence requirements would be unlikely to bring any change to the way amendments are progressed and evaluated under the existing CUSC governance.

¹Environmental Issues and Code Objectives – Final Clarification and Guidance:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Open%20letter%20response-%20final%20version%20of%20letter%2030%20June.pdf&refer=Licensing/IndCodes/Governance>

Whilst the CUSC Panel continues to believe that new licence provisions are not required, the CUSC Panel acknowledges that the wording proposed in the drafting recognises that the evaluation of GHG emissions should not be mandatory but rather applied where relevant. The CUSC Panel fully supports this principle, as a mandatory requirement would reduce the Panel's ability to consider each amendment on a case by case basis and undertake an assessment which is both appropriate and proportionate to the issue in hand. Therefore, whilst the CUSC Panel does not feel it is necessary, if licence drafting is to be pursued further to include this principle within the licence then we would fully support this.

With regards to the extension of the scope of the environmental assessment to include broader environmental impacts, the CUSC Panel agrees with and welcomes the conclusion outlined in the consultation that the scope of any environmental assessment should not be expanded to cover broader environmental impacts.

If you wish to discuss further please not hesitate to contact me or Carole Hook on 01926 654211 or carole.hook@uk.ngrid.com

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. B. Kay'.

Alison Kay